

AMENDED IN SENATE APRIL 2, 2001

SENATE BILL

No. 1019

Introduced by Senator Torlakson

February 23, 2001

An act to amend Section 41204.1 of the Education Code, and to add ~~Section 100.8~~ Sections 96.09 and 97.09 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1019, as amended, Torlakson. Property taxation: *electric power generation facilities*.

~~The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of companies transmitting or selling electricity. Existing property tax law provides for the valuation, as a unit, of properties of a state-assessee that are operated as a unit as a primary function of that assessee, and for the allocation of the assessed value of the unit among various counties in which the state-assessee's unitary property is located. Existing law also provides, pursuant to specified formulas, for the application in each county of specified tax rates to unitary assessed value, and for the allocation among jurisdictions in that county of the resulting revenues.~~

~~This bill would require that the assessed value of a power plant facility, as defined, be allocated exclusively to the county in which the primary power-generating operation of that facility is located. This bill would also require the revenues derived from the assessment of this property to be allocated among jurisdictions in the county, other than a specified fund, in certain percentage shares. By establishing new duties with respect to the annual allocation of property tax revenues~~

~~derived from state-assessed property, this bill would create a state-mandated local program.~~

Existing property tax law requires the county assessor to assess the value of certain electric power generation facilities. Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

This bill would require that the property tax revenues derived from the local assessment of either new modifications to existing electric power generation facilities or new electric power generation facilities, as defined, be allocated exclusively to the county, city, or city and county in which the primary power-generating operation of that electric power generation facility is located.

Existing property tax law reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would modify these reductions and transfer provisions by requiring certain revenues that would otherwise be allocated to a county's Educational Revenue Augmentation Fund to instead be allocated to excess school tax entities as reimbursement for revenue losses suffered by those agencies under other provisions of this bill.

By establishing new duties with respect to the annual allocation of property tax revenues, this bill would create a state-mandated local program.

This bill also would state the intent of the Legislature, and would require the Director of Finance to make certain adjustments, with respect to ensuring that the modifications required by this bill and

earlier acts to property tax revenue allocations do not have a net fiscal impact on school districts or community college districts, or upon the state's obligation under the California Constitution to provide funding to those districts.

This bill also would state the intent of the Legislature to enact a program by which the property tax revenue allocated to a city, county, or city and county pursuant to the bill's provisions be shared with neighboring jurisdictions that may be affected by the siting of an electric power generation facility.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—Section 100.8 is added to the Revenue and~~
2 *SECTION 1. Section 41204.1 of the Education Code, as*
3 *amended by Chapter 1111 of the Statutes of 1996, is amended to*
4 *read:*
5 41204.1. (a) (1) Pursuant to paragraph (2) of subdivision (b)
6 of Section 41204, the Director of Finance shall annually adjust
7 “the percentage of General Fund revenues appropriated for school
8 districts and community college districts, respectively, in the
9 1986–87 fiscal year,” for purposes of applying paragraph (1) of
10 subdivision (b) of Section 8 of Article XVI of the California
11 Constitution, to reflect those property tax revenue allocation
12 modifications; required by the amendments made to Chapter 6
13 (commencing with Section 95) of Part 0.5 of Division 1 of the
14 Revenue and Taxation Code ~~and by the act adding this section;~~
15 *qualifying provisions* in a manner that ensures that those
16 modifications will have no net fiscal impact upon the amounts that
17 are otherwise required to be applied by the state for the support of
18 school districts and community college districts pursuant to
19 Section 8 of Article XVI of the California Constitution.
20 ~~(b)–~~

(2) For purposes of this section, “qualifying provisions” means the following:

(A) The amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991–92 Regular Session and the 1993–94 Regular Session.

(B) The amendments made to Sections 97.2 and 97.3 of the Revenue and Taxation Code by Chapter 1111 of the Statutes of 1996.

(C) Sections 96.09 and 97.09 of the Revenue and Taxation Code.

(b) Notwithstanding any other provision of law, for the 2002–03 fiscal year and each fiscal year thereafter, the percentage of “General Fund revenues appropriated for school districts and community college districts, respectively, in fiscal year 1986–87,” for purposes of paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, shall be deemed to be the percentage of General Fund revenues that would have been appropriated for those entities if the amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991–92 Regular Session, the amendments made to that same chapter during the 1993–94 Regular Session, and Sections 96.09 and 97.09 of the Revenue and Taxation Code, had been operative for the 1986–87 fiscal year.

(c) In no event may the recalculations required by subdivisions (a) and (b) result in a percentage that exceeds the “percentage of General Fund revenues appropriated for school districts and community college districts, respectively, in fiscal year 1986–87,” for purposes of paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution prior to the amendments made to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code during the 1991–92 Regular Session.

(d) It is the intent of the Legislature in enacting the act adding this section to ensure both of the following:

(1) That the changes required by the act adding this section qualifying provisions in the allocations of ad valorem property tax revenues do not have a net fiscal impact upon school districts, as defined in accordance with Section 41302.5, or community college districts.

(2) That the changes required by the ~~act adding this section~~ *qualifying provisions* in the allocations of ad valorem property tax revenues do not have a net fiscal impact upon the amounts of revenue otherwise required to be applied by the state for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.

SEC. 2. Section 96.09 is added to the Revenue and Taxation Code, to read:

96.09. (a) (1) Notwithstanding any other provision of this chapter, in the 2001–02 fiscal year and each fiscal year thereafter, those property tax revenues derived from the local assessment of either a new modification of an existing electric power generation facility or a new electric power generation facility shall be allocated exclusively to the county, city, or city and county in which the primary power-generating operation of that electric power generation facility is located.

(2) An electric power generation facility is located in a county only if it is located in an unincorporated area of that county.

(b) For purposes of this section:

(1) “Modification of an existing electric power generation facility” means, for any fiscal year during which this section applies, an improvement to real property in the form of any alteration, replacement, or improvement of equipment that results in a 50 megawatt or more increase in the electric generating capacity of an existing thermal powerplant, wind electrical generating facility, hydroelectric electrical generating facility, or solar photovoltaic electrical generating facility. “Modification of an existing electric power generation facility” also means, for any fiscal year during which this section applies, an improvement to real property that results in an increase of 25 percent in the peak operating voltage or peak kilowatt capacity of an existing electric transmission line. “Modification of an existing electric power generation facility” does not include any modifications to an electric power generation facility that is located in a redevelopment project area.

(2) “Electric power generation facility” means, for any fiscal year during which this section applies, an improvement to real property in the form of any electric transmission line, thermal powerplant, wind electrical generating facility, hydroelectric electrical generating facility, or solar photovoltaic electrical

1 generating facility regulated according to Division 15
2 (commencing with Section 25000) of the Public Resources Code.
3 “Electric power generation facility” also means, for any fiscal
4 year during which this section applies, an improvement to real
5 property in the form of an electric transmission line and thermal
6 powerplant, electric transmission line and wind electric
7 generating facility, electric transmission line and hydroelectric
8 electrical generating facility, or electric transmission line and
9 solar photovoltaic electrical generating facility regulated
10 according to Division 15 (commencing with Section 25000) of the
11 Public Resources Code. “Electric power generation facility” does
12 not include an electric power generation facility that is located in
13 a redevelopment project area.

14 (3) “New modification of an existing electric power generation
15 facility” means a modification of an existing electric power
16 generation facility that occurs on or after July 1, 2001.

17 (4) “New electric power generation facility” means an electric
18 power generation facility that is completed and first placed in
19 service on or after July 1, 2001.

20 (c) For the 2002–03 fiscal year and each fiscal year thereafter,
21 the amounts allocated to jurisdictions under subdivision (a) of
22 Section 96.1 shall fully reflect the allocation modifications
23 required by subdivision (a) for a prior fiscal year.

24 (d) Each reduction resulting from the implementation of
25 subdivision (a) in the amount of ad valorem property tax revenues
26 deposited in the county’s Educational Revenue Augmentation
27 Fund shall be applied exclusively to reduce the amounts that are
28 allocated from that fund to school districts and county offices of
29 education, and may not be applied to reduce the amounts of ad
30 valorem property tax revenues that are allocated from that fund to
31 community college districts.

32 SEC. 3. Section 97.09 is added to the Revenue and Taxation
33 Code, to read:

34 97.09. (a) Notwithstanding any other provision of law, for the
35 2001–02 fiscal year and each fiscal year thereafter, the auditor
36 shall modify those property tax revenue allocations otherwise
37 required by this chapter in accordance with both of the following:

38 (1) Each excess tax school entity shall be allocated an
39 additional amount of property tax revenue that is equal to the
40 additional amount of property tax revenue, derived from the new

1 *modification of an existing electric power generation facility or a*
 2 *new electric power generation facility as defined in Section 96.09,*
 3 *that would have been allocated to the excess school tax entity, but*
 4 *for Section 96.09.*

5 (2) *The total amount of property tax revenue allocated to the*
 6 *county's Educational Revenue Augmentation Fund shall be*
 7 *reduced by the total amount of additional allocations required by*
 8 *paragraph (1).*

9 (b) *Each reduction resulting from the implementation of*
 10 *subdivision (a) in the amount of ad valorem property tax revenues*
 11 *deposited in the county's Educational Revenue Augmentation*
 12 *Fund shall be applied exclusively to reduce the amounts that are*
 13 *allocated from that fund to school districts and county offices of*
 14 *education, and may not be applied to reduce the amounts of ad*
 15 *valorem property tax revenues that are allocated from that fund to*
 16 *community college districts.*

17 SEC. 4. *It is the intent of the Legislature to enact a program*
 18 *by which the property tax revenue allocated to a city, county, or city*
 19 *and county pursuant to subdivision (a) of Section 96.09 be shared*
 20 *with neighboring jurisdictions that may be affected by the siting of*
 21 *an electric power generation facility.*

22 ~~Taxation Code, to read:~~

23 ~~100.8. Notwithstanding any other provision of law, for the~~
 24 ~~2001-02 fiscal year and each fiscal year thereafter, all of the~~
 25 ~~following apply:~~

26 ~~(a) The property tax assessed value of a power plant facility~~
 27 ~~assessed by the State Board of Equalization shall be allocated~~
 28 ~~entirely to the county in which the primary power generating~~
 29 ~~operation of the power plant facility is located.~~

30 ~~(b) The total tax rate applied to the assessed value allocated~~
 31 ~~pursuant to subdivision (a) shall be the sum of the rates calculated~~
 32 ~~pursuant to subdivision (b) of Section 100.~~

33 ~~(c) The revenues derived from the application of the total tax~~
 34 ~~rate described in subdivision (b) to the assessed value allocated~~
 35 ~~pursuant to subdivision (a) shall be allocated among jurisdictions~~
 36 ~~in the county, other than the county's Educational Revenue~~
 37 ~~Augmentation Fund, in percentage shares equal to each of those~~
 38 ~~jurisdiction's percentage shares of the total amount of property tax~~
 39 ~~revenue otherwise allocated among those same jurisdictions under~~
 40 ~~this chapter.~~

1 ~~(d) For purposes of this section, “power plant facility” has the~~
2 ~~same meaning as “facility” as defined in Section 25123 of the~~
3 ~~Public Resources Code.~~

4 ~~SEC. 2.—~~

5 *SEC. 5.* No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 this act provides for offsetting savings to local agencies or school
8 districts that result in no net costs to the local agencies or school
9 districts, within the meaning of Section 17556 of the Government
10 Code.

